



IN REPLY
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DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
8725 JOHN J. KINGMAN ROAD, SUITE 4950
FORT BELVOIR, VA 22060-6222

MAY 21 1999

CONTRACTING INSTRUCTION (CI): 99-10

MEMORANDUM FOR CI DISTRIBUTION

SUBJECT: Electronic Funds Transfer Clauses

This CI rescinds and replaces CI 97-17 and is a notification of clause changes relating to Electronic Funds Transfer (EFT) required to implement the EFT provisions of the Debt Collection Improvement Act of 1996 (Public Law 104-134). These clause changes apply to all contract actions, including those conducted under FAR Part 12, Acquisition of Commercial Items.

The Debt Collection Improvement Act of 1996 mandates that all Federal payments be made by EFT in most situations. FAC 97-11 communicates the final rule on FAR Case 91-118. This final rule amends FAR Parts 13, 16, 32, and 52 to address the use of electronic funds transfer (EFT) for Federal contract payments. The final rule mainly differs from the interim rule by removing references to the "phase one" time period, which ended on January 1, 1999. The "phase two" time period beginning January 2, 1999; has contractors furnish EFT information by registering in the Central Contractor Registration (CCR) database; and permits agencies to collect EFT banking information at various time periods ranging from prior to award (as a condition of award) to after award (concurrent with the initial invoice). Phase two also removes the exception to EFT that allowed contractors to certify that their financial institution is not EFT capable.

DFARS Case 98-D012 amends DFARS 232 and 252, as the guidance found at 252.232-7009 is no longer necessary as a result of the FAR changes discussed above.

Contractors are required to register with the CCR, and annually validate that registration. The CCR database contains EFT information to facilitate electronic payments to contractors. Many of DESC's contracts use the DFAS Columbus Automated Voucher Examination and Disbursing System (AVEDS). AVEDS requires additional information, beyond what is contained in the CCR. The ability and methods that DESC employs to facilitate EFT will not change substantially. The following clause changes result from FAC 97-11, and are to be



DELETED CLAUSE:

- a. G9.10 (DFARS 252.232-7009) PAYMENT BY ELECTRONIC FUNDS TRANSFER (CCR). This clause is deleted. See G9.09 for the revised FAR Clause (52.232-33) - PAYMENT BY ELECTRONIC FUNDS TRANSFER – CENTRAL CONTRACTOR REGISTRATION.
- b. G9.07-3 (52.232-9FJ5) ELECTRONIC TRANSER OF FUNDS PAYMENTS - CORPORATE TRADE EXCHANGE (PC&S). Clause is incorporated into G9.07.

REVISED CLAUSE:

- a. G9.09 (52.232-33) title is changed from: MANDATORY INFORMATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT to PAYMENT BY ELECTRONIC FUNDS TRANSFER – CENTRAL CONTRACTOR REGISTRATION (MAY 1999) Clause and prescription are revised.
- b. G9.09-1 (52.232-34) – title is changed from OPTIONAL INFORMATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT to PAYMENT BY ELECTRONIC FUNDS TRANSFER – OTHER THAN CENTRAL CONTRACTOR REGISTRATION (MAY 1999). Clause and prescription are revised.
- c. G9.07 (52.232-9FJ1) ELECTRONIC TRANSER OF FUNDS PAYMENTS – CORPORATE TRADE EXCHANGE (MAY 1999). Clause and prescription are revised.

NEW CLAUSE:

- a. G9.11 (52.232-35) – New FAR clause, title DESIGNATION OF OFFICE FOR RECEIPT OF ELECTRONIC FUNDS TRANSFER INFORMATION (MAY 1999). This new FAR clause is to be used in all solicitations/contracts if the EFT information is to be submitted to other than the payment office.
- b. G9.12 (52.232-36) New FAR clause, title PAYMENT BY THIRD PARTY (MAY 1999) – This new FAR clause is to be used in all solicitations/contracts if the contractor will be required to receive payments under the contract from a third party, such as a financial institution administering a government account.
- c. G9.13 (52.232-37) New FAR clause, title MULTIPLE PAYMENT ARRANGEMENTS (May 1999) This new FAR clause is to be used in all solicitations/contracts that provide for the use of delivery orders that have multiple payment arrangements as specified by the ordering officer.

d. G9.14 (52.232-38) New FAR clause, title SUBMISSION OF ELECTRONIC FUNDS TRANSFER INFORMATION WITH OFFER (May 1999). This new FAR clause is to be used in all solicitations that provide for the submission of EFT information with the offer. This clause can be tailored.

The following paragraphs discuss in more detail, the clause content and prescriptions.

a. **G9.10 (52.232-7009) PAYMENT BY ELECTRONIC FUNDS TRANSFER (CCR).** The DFARS guidance has been incorporated into the changed FAR Clause 52.232-33 (G9.09). This DFARS clause is removed.

b. **G9.09 (52.232-33) - PAYMENT BY ELECTRONIC FUNDS TRANSFER – CENTRAL CONTRACTOR REGISTRATION (MAY 1999)**

This old clause coverage for EFT using CCR was found in G9.10 (52.232-7009). The DFARS guidance has been superseded by the changed FAR Clause 52.232-33 and is incorporated herein. The change in clause content has removed paragraph (b) from the original version of Clause G9.10. This has removed the provision to allow contractor's to certify in writing that their financial institution was not EFT capable. There is no longer an allowance for not being EFT capable. However, the prescription does allow for some exceptions to EFT usage. There was a slight change in the list of exceptions. See FAR 32.1110 for more detailed exceptions

PRESCRIPTION - Use this clause in all solicitations/contracts where EFT payments will be made using contractor information located in the CCR. Use this Clause in all solicitations/contracts with the following exceptions: (1) Where the payment is to be received by or on behalf of the contractor outside the United States and Puerto Rico, (2) A contract is paid in other than United States currency, (3) A contract is awarded by a deployed contracting officer in the course of military operations, contingency operations, or emergency operations (See FAR 32.1110 for more detailed exceptions). Use of this clause requires inclusion of Clause G9.06 or G9.06-1.

c. **G9.09-1 (52.232-34) - PAYMENT BY ELECTRONIC FUNDS TRANSFER – OTHER THAN CENTRAL CONTRACTOR REGISTRATION (MAY 1999)**

The previous version of Clause G9.09-1 (FAR 52.323-34) OPTIONAL INFORMATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT provided for payment to the Contractor via EFT at the Government's option prior to January 1, 1999 and mandatory EFT payment after that date. The clause also required mandatory submission of EFT information by the Contractor to the Government (not utilizing the CCR). The new FAR clause 52.232-34 covers the same general situations where the CCR is not the source of EFT, but the use of EFT by the government is no longer optional (exceptions apply).

PRESCRIPTION - Required in all solicitations/contracts where EFT payments will be made but the contractor information used to facilitate the EFT is not located in the Central Contractor Registration. Use this clause in all solicitations/contracts with the following exceptions: (1) Where the payment is to be received by or on behalf of the contractor outside the United States and Puerto Rico, (2) A contract is paid in other than United States currency, (3) A contract is awarded by a deployed contracting officer in the course of military operations, contingency operations, or emergency operations (See FAR 32.1110 for more detailed exceptions). Use of this clause requires inclusion of Clause G9.07, and G9.06 or G9.06-1.

**d. G9.07 (52.232-9FJ1) ELECTRONIC TRANSFER OF FUNDS PAYMENTS
CORPORATE TRADE EXCHANGE (MAY 1999)**

The prescription for G9.07 has been revised to reflect slightly different exceptions for clause usage. The content of the clause has been revised to remove the Contractor's ability to certify in writing that their financial institution cannot accommodate EFT. The provision allowing the contractor to be excused from the requirement for EFT, with the contractor's written certification, has been removed. The PC&S version of this clause G9.07-3 is now combined with this clause. Clause G9.07 is designed to be used with Clause G9.09-1 when payment may be made by DFAS Columbus using AVEDS, and not for use for orders for Federal Civilian Agencies. Clause G9.07 requires that the contractor supply the Contracting Officer, rather than the payment office, with EFT payment information. This clause also requires that the contractor provide EFT information no later than 3 days after award.

PRESCRIPTION - Required in all solicitations/contracts where payment may be made by DFAS Columbus using AVEDS, with the following exceptions: (1) Where the payment is to be received by or on behalf of the contractor outside the United States and Puerto Rico, (2) A contract is paid in other than United States currency, (3) A contract is awarded by a deployed contracting officer in the course of military operations, contingency operations, or emergency operations (See FAR 32.1110 for more detailed exceptions). Include this clause in the Offeror Submission Package. Use of this clause requires inclusion of Clause G9.09 and G9.06 or G9.06-1.

**e. G9.07-3 (52.232-9FJ5) ELECTRONIC TRANSFER OF FUNDS PAYMENTS
CORPORATE TRADE EXCHANGE (PC&S).**

This clause is now incorporated into G9.07. The two clauses were very similar, and the combination of the two clauses does not change the application, prescription or content.

f. G9.11 (52.232-35) - DESIGNATION OF OFFICE FOR GOVERNMENT RECEIPT OF ELECTRONIC FUNDS TRANSFER INFORMATION (MAY 1999)

This new FAR clause is to be used in all solicitations/contracts if the EFT information is to be submitted to other than the payment office.

PRESCRIPTION – Required in all solicitations/contracts when the EFT information is to be submitted to other than the payment office. Use this clause with Clause G9.09-1. Also used with G 9.07, G9.07-3.

g. G9.12 (52.232-36) PAYMENT BY THIRD PARTY (MAY 1999) – This new FAR clause is to be used in all solicitations/contracts if the contractor will be required to receive payments under the contract, from a third party, such as a financial institution administering a government account.

PRESCRIPTION - Required in all solicitations/contracts when payment will be made by a charge to a Government account with a third party, such as a Government-wide commercial purchase card.

h. G9.13 (52.232-37) MULTIPLE PAYMENT ARRANGEMENTS (MAY 1999)
This new FAR clause is to be used in all solicitations/contracts that provide for the use of delivery orders that might potentially have multiple payment arrangements as specified by the ordering officer.

PRESCRIPTION - Required in all solicitations/contracts that provide for the use of delivery orders, and provides that the ordering office designate the method of payment for individual orders.

i. G9.14 (52.232-38) SUBMISSION OF ELECTRONIC FUNDS TRANSFER INFORMATION WITH OFFER (MAY 1999) This new FAR clause is to be used in all solicitations that provide for the submission of EFT information with the offer. This clause can be tailored.

PRESCRIPTION – Required in the Offeror Submission Package when the offeror is required to submit EFT information prior to award, and if G9.09 (52.232-34) ELECTRONIC FUNDS TRANSFER – OTHER THAN CENTRAL CONTRACTOR REGISTRATION is used.

Questions or problems relating to EFT implementation should be directed to Pat Davis, DESC-RPP, at 767-9402. Any questions concerning the EFT clauses may be directed to Larry Rice, DESC-CPA, at 767-7640.


SHARON L. MURPHY
Center Senior Procurement Official